

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6725

BILL NUMBER: SB 357

NOTE PREPARED: Jan 1, 2011

BILL AMENDED:

SUBJECT: Adoption Subsidy Payments.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Department of Child Services (DCS) to: (1) enter into agreements with each adoptive parent of a child with special needs who is eligible for an adoption subsidy; and (2) allocate funds to the adoption assistance account necessary to make the adoption subsidy payments. The bill prohibits DCS from terminating an agreement with adoptive parents due to insufficient funds in the adoption assistance account. It also makes conforming changes.

The bill repeals a provision that: (1) prohibits DCS from approving new adoption subsidy agreements for children who are not wards of the state at the time the adoption petition is filed; and (2) requires DCS to give priority to funding new adoption subsidy agreements for children who were wards of the state; if DCS determines that sufficient funds are not available.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Summary:* This bill will require the Department of Child Services to pay adoption subsidies to adoptive parents of children with special needs if DCS has entered into an agreement with the adoptive parents for adoption subsidy payments. This is estimated to increase state expenditures by at most \$6.8 M in FY 2012 and \$8.7 M in FY 2013.

Additional Information:

The State Adoption Subsidy Program (SAS) provides adoption subsidies from state funds to parents who adopt special needs children. This program is separate from the federal IV-E Special Needs Adoption

Assistance Payment program and not substitutable. Families can be considered eligible and receive payments from both the federal IV-E Special Needs Adoption Assistance Payment program and the SAS program.

State adoption subsidy agreements are negotiated between parents and DCS to provide a daily per diem amount that is based on the needs of the child. The maximum daily per diem amount is \$25 per adopted child. As reported by DCS, this program exists but is currently not funded.

DCS annually fosters adoptions of approximately 1,000 IV-E eligible children and approximately 300 non-IV-E eligible children. Of these non-IV-E eligible children, approximately 200 are added to the SAS waiting list annually.

As of December 2010, there are approximately 450 families currently on the waiting list for the SAS payments. Using this information it was estimated that for FY 2012 and FY 2013, the total number of adopted children on the waiting list for SAS payments would be approximately 750 and 950, respectively.

If all adopted children on the SAS waiting list are required to receive adoption subsidy payments, the bill will increase state expenditures by at most \$6.8 M in FY 2012 and \$8.7 M in FY 2013. Actual increases in state expenditures will depend on (1) the per diem amount negotiated between the adopted parents and DCS, (2) the actual number of children added to the waiting list before the bill's effective date, (3) the number of children with special needs adopted after the bill's effective date who, under the bill, would be entitled to SAS payments, (4) the number of children on the SAS waiting list who age out of eligibility for SAS payments, and (5) any other attrition from the SAS waiting list.

Explanation of State Revenues: This bill may potentially increase the number of adoptions fostered in the state. To the extent this bill accomplishes that, revenue the state receives from the Federal Adoption Incentive Funding Grant Program may increase. These funds are administered to states based on the number of adoptions a state completes in a year. These funds are awarded on a competitive basis, and a federal formula is used to determine how much money each state will receive (although no state is guaranteed to receive grant funding). For FFY 2010 and FFY 2009, Indiana received approximately \$1.4 M and \$1.6 M in grant funding from the program, respectively, and from FFY 2002 to FFY 2004 received none.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DCS.

Local Agencies Affected:

Information Sources: Brady Brookes, DCS.

Fiscal Analyst: Bill Brumbach, 232-9559.